

North Dakota - Schedule 7 - Nonresident Filers Only

1997

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Schedule for Recomputing the Federal Income Tax Liability for Form 37-S and Form 38 (Schedule 1) Filers Only

Name of individual, estate, or trust	Soc. Sec. No. or Fed. EIN

Read instructions before attempting to complete this schedule.

- Income reportable to North Dakota by nonresident individual, estate or trust
(If this amount is equal to or less than zero, this schedule does not have to be completed)
- Amount from Federal Form 1040, line 35 or Federal Form 1041, line 16
- Amount from Federal Form 1040, line 37 or Federal Form 1041, line 20
- Recomputed federal taxable income (Line 1 less lines 2 and 3)
- Recomputed federal income tax from: ☐ Federal tax table (individual only) or ☐ Federal tax rate schedule or ☐ Schedule D (Form 1040 or Form 1041)

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2		
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4		
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If Federal Form 6251 or Schedule I of Federal Form 1041 was required to be completed, complete lines 6 through 10. Otherwise, enter the amount from line 5 on line 11.

- Enter tentative minimum tax from Federal Form 6251, line 26 or Federal Form 1041, Schedule I, line 37. If zero, enter -0- on line 10 and go to line 11
- Enter amount from line 5 above
- Recomputed federal alternative minimum tax (Line 6 less line 7). If zero or less, enter -0- on line 10 and go to line 11
- Enter amount of investment credit included on Federal Form 1040, line 44 or Federal Form 1041, Schedule G, line 2c
- Amount of federal alternative minimum tax to include in recomputed federal income tax liability (Line 8 less line 9). If zero or less, enter -0-
- Balance (Line 5 plus line 10)
- Credit for prior year minimum tax from Federal Form 1040, line 44 or Federal Form 1041, Schedule G, line 2d
- Recomputed federal income tax liability (Line 11 less line 12). Enter result here and on Form 37-S, lines 1 and 9 or Form 38, Schedule 1, lines 1 and 9

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		7	
		8	
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10			
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12			
13			

Instructions for Schedule 7

- This schedule is to be used by a nonresident individual, estate or trust only if certain conditions apply — see **Purpose of schedule** below.
- References to Federal Form 1040 are for Form 37-S filers and references to Federal Form 1041 are for Form 38 (Schedule 1) filers.
- If required to use this schedule, attach it to Form 37-S or Form 38.

Purpose of schedule

If a nonresident individual uses Form 37-S (Short Form), or if a nonresident estate or trust uses Schedule 1 (Short Method) on Form 38, North Dakota Administrative Code § 81-03-02.2-03 requires the recomputation of the federal income tax liability for purposes of these forms if the following conditions apply:

- The nonresident individual, estate or trust has non-North Dakota losses that exceed non-North Dakota income, and
- The amount of North Dakota income (loss) reportable to North Dakota by the nonresident individual, estate or trust is greater than zero.

The purpose of the recomputation is to remove the effect of the net out-of-state loss on the federal income tax liability. If required, the recomputation will increase the amount of the federal income tax liability that must be entered on line 1 of Form 37-S or line 1 of Schedule 1 (Short Method) on Form 38.

Line 1. For a nonresident individual, enter the amount from Schedule NR, column B, line 26. For a nonresident estate or trust, enter the portion of the amount from Form 38, Schedule 1, line 2 that is reportable to North Dakota.

Line 5. Recompute the federal income tax using the applicable method below:

- Federal tax table (individual only).** An individual generally must use this method if the recomputed federal taxable income on line 4 is less than \$100,000 and the taxable year is not less than twelve months due to a change in the annual accounting method. Use the column in the federal tax table that corresponds to the individual's federal filing status.
- Federal tax rate schedule.** An individual generally must use this method if the recomputed federal taxable income on line 4 is \$100,000 or more, or if the taxable year is less than twelve months due to a change in the annual accounting method. Use the federal tax rate schedule (either

X, Y or Z) that corresponds to the individual's federal filing status.

An estate or trust generally must use this method.

- Schedule D (Form 1040 or Form 1041).** If the amount on line 1 includes a net long-term capital gain, and if the amount calculated using this method is less than the amount calculated using either the federal tax table or federal tax rate schedule method above, this method may be used to take into account the maximum long-term capital gains tax rate(s) under federal law. **Complete a separate Schedule D (Form 1040 or Form 1041) on a pro forma basis using only the income (and net long-term capital gain) reported on line 1 of Schedule 7.**

Line 13. Enter the recomputed federal income tax liability on lines 1 and 9 of Form 37-S or lines 1 and 9 of Schedule 1 on Form 38. Do not complete lines 2 through 8 on either Form 37-S or Schedule 1 of Form 38.